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**Permanent sovereignty of the Palestinian people  
in the Occupied Palestinian Territory, including  
East Jerusalem, and of the Arab population in the  
occupied Syrian Golan over their natural resources**

**Economic and Social Council  
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Item 11 of the provisional agenda\*\*

**Economic and social repercussions of  
the Israeli occupation on the living  
conditions of the Palestinian people in the  
Occupied Palestinian Territory, including  
East Jerusalem, and the Arab population  
in the occupied Syrian Golan**

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**Note by the Secretary-General**

*Summary*

In its resolution 2012/23, the Economic and Social Council requested the Secretary-General to submit to the General Assembly at its sixty-seventh session, through the Council, a report on the implementation of that resolution. The Assembly, in its resolution 67/229, also requested the Secretary-General to submit a report to it at its sixty-eighth session. The present report, which has been prepared by the Economic and Social Commission for Western Asia, is submitted in compliance with the resolutions of the Assembly and the Council.

In the forty-sixth year of its occupation of Palestinian territory, Israel continued in its practices and policies that violate the occupying Power's obligations under international law. These discriminatory policies, which "amount to de facto segregation", adversely affect the living conditions of the Palestinian population, with a dire impact on various Palestinian social and economic sectors, as well as on the Palestinian natural resources and environment.

\* A/68/50.  
\*\* E/2013/100.



Excessive and disproportionate use of force by Israeli security forces continued. The ill-treatment of Palestinian child detainees appears to be widespread, systematic and institutionalized. Israel's frequent use of administrative detention amounts to a policy of widespread and systematic arbitrary detention. Israeli authorities and settlers commit transgressions against Palestinians and their property with impunity.

Since 1967, Israel has revoked the residency status of more than 260,000 Palestinians from the Occupied Palestinian Territory, while Israeli policies and practices, including home demolitions, lead to the forced displacement of Palestinians. Settler violence also is aimed mainly to force Palestinians to move from their lands.

The scale of Israel's settlement project in the occupied territories, as well as the construction of the West Bank wall, are not only illegal but also appear to confirm Israel's intention to retain control over large parts of the Occupied Palestinian Territory, thus violating a core principle of the Charter of the United Nations, which prohibits the acquisition of territory by the use or threat of force.

Palestinians living in the Occupied Palestinian Territory face daily obstacles and humiliation to travel both inside and outside the territory, while the Gaza blockade amounts to collective punishment, also illegal under international law.

The continued Israeli occupation of the Syrian Golan similarly includes policies and practices that discriminate against its Syrian citizens and encourage illegal Israeli settlement therein.

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## **I. Introduction**

1. Economic and Social Council resolution 2012/23 and General Assembly resolution 67/229 expressed the concerns of the two bodies about the practices of Israel, the occupying Power in the Occupied Palestinian Territory and the occupied Syrian Golan, which violate international humanitarian law. These practices included actions that caused death and injuries to civilians, including children, women and peaceful demonstrators, all of whom must be protected in accordance with international humanitarian law, as well as the rising incidence of violence by illegal, armed Israeli settlers against Palestinian civilians and their properties, in addition to the continued detention of thousands of Palestinians, including children and women, under harsh conditions. Of concern also to the Council and the Assembly are the accelerated construction by Israel of settlements, the construction of the wall inside the Occupied Palestinian Territory, the exploitation of Palestinian natural resources, the increased demolition of homes, economic institutions, agricultural lands and infrastructure, the revocation of residency rights of Palestinians in and around occupied East Jerusalem, and the continuing Israeli policy of closures and severe restrictions on the movement of persons and goods, including what amounts to a blockade of the Gaza Strip. The Council and Assembly, through their aforementioned resolutions, also highlighted the detrimental impact of Israeli practices on the natural resources and the social and economic conditions of the Palestinian people and the Arab population in the occupied Syrian Golan.

2. The present note highlights the practices by Israel, the occupying Power, that are of concern to the Economic and Social Council and the General Assembly and that persisted over the reporting period. Although Israel cites security concerns to justify most of its policies and practices, the note indicates that many of these practices as well as the occupation regime constitute continuous violations of international law.

## **II. Occupied Palestinian Territory**

### **Israeli policies affecting Palestinians**

3. Israel implements policies and practices in the Occupied Palestinian Territory that "amount to de facto segregation", including the establishment of two entirely separate Israeli legal systems and sets of institutions for Jewish communities grouped in illegal settlements, on the one hand, and Palestinian populations living under Israeli military occupation in towns and villages, on the other. Furthermore, Palestinians do not enjoy either equal use of roads and infrastructure or equal access to basic services and water resources. Such separation is concretized by the implementation of a complex combination of restrictions on movement, the existence of separate roads and a permit regime that only impacts the Palestinian population.<sup>1</sup> Moreover, a matrix of military orders applies, by law or by practice, only to Palestinians to regulate and control most aspects of daily life, including by restricting an extensive range of rights (A/HRC/22/63, para. 40).

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<sup>1</sup> CERD/C/ISR/CO/14-16, para. 24.

4. In June 1967 Israel formally, yet illegally, annexed 70 km<sup>2</sup> of land incorporating East Jerusalem and a number of nearby Palestinian villages into the expanded boundaries of the Jerusalem municipality of Israel (*ibid.*, para. 25).

5. For decades Israel has pursued a strategy that has led to the debilitation of East Jerusalem in every respect, including socioeconomic.<sup>2</sup> Furthermore, Israel has employed the following policies and practices: physically isolating East Jerusalem from the rest of the West Bank in part by building the wall; discrimination in planning and building; land expropriation and demolition of houses; revoking residency and social benefits of Palestinians; and inequitably disbursing the municipal budget between the two parts of the city (A/67/379, para. 16). The cumulative effects of these methods have led to the deterioration in the conditions of Palestinian East Jerusalemites.<sup>3</sup>

6. According to human rights organizations, since 2001, Israeli authorities have closed down at least 28 Palestinian organizations operating in Jerusalem that had been involved in educational, cultural and social activities for Palestinians in East Jerusalem.<sup>4</sup>

#### *Planning and zoning*

7. Area C constitutes over 60 per cent of the West Bank, excluding East Jerusalem. As the only contiguous territory, it is the key to economic cohesion and is the most resource abundant space in the West Bank as it holds the majority of the territory's water, agricultural lands, natural resources and land reserves. Israel maintains full security control and control over building and planning in Area C. About 150,000 Palestinians live in 270 communities that are totally or partially in Area C.<sup>5</sup>

8. In Area C the zoning regime applied by Israel benefits the establishment and growth of settlements, while denying the development of Palestinian communities. This regime effectively allows Palestinian construction on 1 per cent of Area C. As a result, many Palestinians are left with no choice but to build without a permit, which leads to "inhumane Israeli responses involving demolition and displacement" (A/67/379, para. 15).

9. From 2005 to 2009, only 13 per cent of the Israeli building permits issued for housing units in East Jerusalem were granted to Palestinian neighbourhoods. In Jewish neighbourhoods, there is an average of 20 square metres of housing per resident, compared to 11 square metres in Palestinian neighbourhoods.<sup>6</sup>

#### *Residency status*

10. Since 1967, Israel has retained control over the residency status of the Palestinian population of the Occupied Palestinian Territory, implementing discriminatory policies that often lead to the displacement of Palestinians.<sup>7</sup>

<sup>2</sup> ACRI, Policies of Neglect in East Jerusalem, May 2012, p. 2.

<sup>3</sup> *Ibid.*; see paras. 86-95 below.

<sup>4</sup> A/67/372, para. 41; and The Civic Coalition for Palestinian Rights in Jerusalem, submission to the United Nations.

<sup>5</sup> Information received from the Office for the Coordination of Humanitarian Affairs (OCHA).

<sup>6</sup> ACRI, East Jerusalem in Numbers, <http://www.acri.org.il/en/2012/05/16/east-jerusalem-in-numbers/>.

<sup>7</sup> Information received from OCHA.

11. Up until the establishment of the Palestinian Authority in 1994, Israel revoked the residency status of 250,000 Palestinians from the West Bank and the Gaza Strip, in addition to 14,188 Palestinian East Jerusalemites whose residency permits were revoked from 1967 to 2011.<sup>8</sup>

12. Israel regulates the Palestinian residents of East Jerusalem almost as if they were foreign nationals living in Israel, with little regard for their status as protected persons under international humanitarian law (A/67/372, para. 38). If they reside outside Israel or East Jerusalem for a period of seven years, Palestinian residents lose their permanent residency status, as stipulated in the Entry into Israel Regulations of 2003.<sup>9</sup>

13. Policies that apply only to Palestinian residents of Jerusalem include the Entry into Israel Law, which stipulates that a permanent resident who marries a non-resident must submit, on behalf of the spouse, a request for "family unification" in order for the partner to reside in East Jerusalem, a process that has frozen for almost 10 years the entry of those spouses from the West Bank and Gaza.<sup>10</sup>

#### **Disproportionate use of force**

14. Excessive and disproportionate use of force by Israeli security forces, including the Israeli military and border police, continued in the West Bank. Most injuries occurred during demonstrations, where Israeli Military Order 101 outlaws "assemblies", and Israeli troops use excessive force to disperse them, thereby violating Palestinians' right to peaceful protest. Civilians were also injured and killed as a result of the excessive use of force during other forms of military operations, including search and arrest raids (see A/67/372, paras. 15-24).

15. Apart from air strikes and military operations, methods used by the Israeli military to enforce the access-restricted areas in the Gaza Strip, including the use of live ammunition, violate the international humanitarian law principle of distinction, which establishes that civilians are not to be targeted (see A/67/372, paras. 8-10).

16. From 30 March 2012 to 29 March 2013, 268 Palestinians were killed and 4,483 others were injured. The vast majority of casualties involved civilians and were inflicted by Israeli security forces. A total of 132 Palestinian injuries were the result of settler attacks. Among the casualties, 42 Palestinian children were killed and 615 were injured. During the same period, 3 Israeli civilians were killed and 279 were injured, including 3 injured children.<sup>11</sup>

17. On 14 November 2012, Israel launched a military offensive against the Gaza Strip that went on until 21 November, during which Palestinian militants also shelled Israeli towns and army posts in Israel. At least 165 Palestinians were killed by Israeli military action, of whom 99 were civilians, including 13 women and 33 children. An additional 1,399 Palestinians were injured, the majority of whom

<sup>8</sup> See *Ceased Residency*, <http://www.hamoked.org/Document.aspx?dID=Updates1175>; information received from OCHA.

<sup>9</sup> Information received from the Office of the United Nations High Commissioner for Human Rights (OHCHR); see also A/67/372, para. 38.

<sup>10</sup> Information received from OCHA.

<sup>11</sup> OCHA, *Protection of Civilians: Casualties Database*, <http://www.ochaopt.org/poc.aspx?id=1010002>; and OCHA *Protection of Civilians Weekly Report*, 19-25 March 2013; casualties include those who were injured or killed during the November 2012 offensive (see para. 17 below).

are believed to be civilians. During the offensive, 3 Israeli civilians were killed and 224 Israelis, most of whom were also civilians, were injured by Palestinian shelling. An additional six Palestinian civilians were killed by stray shells from Palestinian militants.<sup>12</sup>

18. A common denominator affecting all victims of unlawful acts of violence against Palestinians is the absence of effective investigations and redress for victims, leaving Israeli security apparatuses to enjoy significant impunity vis-à-vis such acts of violence against Palestinians.<sup>13</sup>

#### **Arbitrary arrests and detentions**

19. According to official Israeli figures, at the end of February 2013, about 4,713 Palestinian security detainees and prisoners were held in Israeli prisons, including 253 children.<sup>14</sup>

20. In addition to the denial of due process rights during trial and the conviction of Palestinian detainees in the Israeli military court system,<sup>15</sup> it has been reported that considerable physical and psychological pressure to sign confessions is placed on defendants during interrogations. Practices in this regard include beatings and threats, sleep deprivation, position abuse, prolonged cuffing, having family members threatened and, in some cases, arrested.<sup>16</sup> Some of such cases amount to torture (see A/67/550, para. 17).

21. On 24 February 2013, a Palestinian prisoner, Arafat Jaradat, lost his life during his incarceration in an Israeli prison, sparking wide protests across the West Bank amidst allegations that torture and ill-treatment caused his death. On 2 April 2013, another Palestinian prisoner, Maysara Abu Hamdiyeh, died while incarcerated in an Israeli prison from cancer amidst accusations of medical negligence and ill-treatment.<sup>17</sup> The Palestinian Prisoner Support and Human Rights Association (ADDAMEER) maintains that since 1967, a total of 72 Palestinian prisoners have died under torture and 53 have died owing to medical neglect.<sup>18</sup>

22. Although the Israeli military issued an order raising the age of majority for Palestinians to 18 for security-related matters, children are not treated in a manner that takes into account their age, needs and special circumstances.<sup>19</sup> To the contrary, the ill-treatment of Palestinian children who are arrested, detained or prosecuted by the Israeli military system appears to be widespread, systematic and institutionalized.<sup>20</sup>

23. Sixty per cent of all detentions of Palestinian children by Israeli security forces occur between midnight and 5 a.m. Eighty-seven per cent of Palestinian children in

<sup>12</sup> Information provided by OCHA.

<sup>13</sup> Information provided by OCHA.

<sup>14</sup> Btselem, [http://www.btselem.org/statistics/detainees\\_and\\_prisoners](http://www.btselem.org/statistics/detainees_and_prisoners), and [http://www.btselem.org/statistics/minors\\_in\\_custody](http://www.btselem.org/statistics/minors_in_custody).

<sup>15</sup> Information provided by OCHA; see also the concerns raised in the report of the United Nations Special Rapporteur on the independence of judges and lawyers (A/HRC/14/26/Add.1).

<sup>16</sup> Information provided by OCHA.

<sup>17</sup> <http://www.guardian.co.uk/world/2013/apr/02/palestinian-prisoners-israel-hunger-strike>.

<sup>18</sup> ADDAMEER, <http://www.addameer.org/etemplate.php?id=578>.

<sup>19</sup> Information provided by OCHA.

<sup>20</sup> United Nations Children's Fund (UNICEF), *Children in Israeli Military Detention*, February 2013, p. 1.

detention are denied bail and thus remain detained until the conclusion of a legal process. Ninety per cent plead guilty in order to avoid extended pretrial detention. Israel uses solitary confinement for 12 per cent of Palestinian child detainees (see A/67/550, paras. 10-12).

24. Israel's treatment of Palestinian child detainees is grossly inconsistent with the treatment it affords the children of Israeli settlers in the Occupied Palestinian Territory. This discrimination includes the minimum age of the child to receive a custodial sentence or an adult sentence; the right to have a parent present during interrogation; having interrogations recorded audiovisually; the time limit for being held in custody before being brought before a judge; having access to a lawyer and without charges being brought; and the maximum period of time between charges and a trial (see A/67/550, para. 16). UNICEF reports that: "In no other country are children systematically tried by juvenile military courts that, by definition, fall short of providing the necessary guarantees to ensure respect for their rights".<sup>21</sup>

#### *Administrative detention*

25. Israel's frequent use of administrative detention amounts to a policy of widespread and systematic arbitrary detention (A/67/550, para. 20). One of the most problematic issues with such detention is that in most cases, evidence on which the detention order is based is kept secret and neither the detainee nor his or her counsel has access to it (see A/67/372, paras. 26-27). By the end of February 2013, 169 Palestinians remained under administrative detention, which constitutes a decline from the number of administrative detainees in 2012.<sup>22</sup>

26. Throughout 2012, more than 1,200 Palestinian prisoners reportedly participated in a series of hunger strikes to protest their conditions of detention and treatment by Israeli authorities, including the widespread use of administrative detention.<sup>23</sup>

#### **Population displacement, property destruction and confiscation**

27. Israeli military operations have been the main cause of forced displacement in the Gaza Strip. The November 2012 offensive led to the displacement of an additional 3,000 Palestinians whose homes had been destroyed or severely damaged.<sup>24</sup>

28. In 2012 the Israeli authorities demolished 540 Palestinian structures in Area C in the West Bank, including 165 homes. This resulted in the displacement of 815 people, including 474 children.<sup>25</sup> In January 2013 alone at least 139 structures, including 59 homes and other residential structures, were destroyed in 20 separate incidents.<sup>26</sup>

29. In a number of cases, emergency shelters and other items provided as a form of emergency response have similarly been demolished and/or confiscated by Israeli authorities.<sup>27</sup>

<sup>21</sup> UNICEF, *Children in Israeli Military Detention*, February 2013, p. 1.

<sup>22</sup> Btselem, [http://www.btselem.org/statistics/detainees\\_and\\_prisoners](http://www.btselem.org/statistics/detainees_and_prisoners).

<sup>23</sup> A/HRC/21/33/AUV, para. 19.

<sup>24</sup> Information received from OCHA.

<sup>25</sup> Information received from OCHA.

<sup>26</sup> OCHA, *Humanitarian Monitor Monthly Report*, January 2013, p. 14.

<sup>27</sup> Information received from OCHA.

30. During 2012, the Israeli authorities demolished 64 Palestinian structures in East Jerusalem comprising 24 residential structures and 40 others, including livelihood and animal structures, and 15 “self-demolitions” imposed by these authorities.<sup>28</sup>

31. Overall, there are at least 93,100 residents of East Jerusalem who live in structures built without permits and are therefore at potential risk of displacement.<sup>29</sup>

32. The forced eviction of Palestinians from their homes by settlers, backed by the Government, is in itself incompatible with international human rights law (see A/67/372, para. 31) and has contributed to changing the demography of East Jerusalem. The Government of Israel supports the settlers’ actions by sending security forces to accompany the takeover of Palestinian homes (A/67/379, para. 16).

33. In July 2011 Israeli authorities indicated their intention to “relocate” approximately 27,000 Bedouin and herding Palestinians living in Area C. Should this plan be implemented, it would amount to individual and mass forcible transfers and forced evictions contrary to Israel’s obligations under international law (A/67/372, para. 37).

34. Since the beginning of the occupation, Israel has seized over 1 million dunums<sup>30</sup> of Palestinian land (approximately 40 per cent of the West Bank) and placed it within the jurisdictional boundaries of local and regional settlement councils, prohibiting Palestinian access to that land (A/HRC/22/63, paras. 63-64).

#### **Settlements and settler violence**

35. The establishment of the settlements on occupied territories is a violation of the Fourth Geneva Convention and the Hague Convention IV of 1907. In building settlements and associated infrastructure, Israel further violates international law through the appropriation of Palestinian property not justified by military necessity (see A/67/379, paras. 11-12).

36. Israel defined settlements as “national priority areas”, whose residents benefit from housing and education subsidies and direct incentives (A/HRC/22/63, para. 22). This amounts to the transfer by Israel of its population into the Occupied Palestinian Territory (see A/67/375, para. 10), which is prohibited under international law.<sup>31</sup>

37. The scale of Israel’s settlement project and the massive financial investment in it appear to confirm Israel’s intention to retain control over these areas, thus violating a core principle of the Charter of the United Nations, which prohibits the acquisition of territory by the use or threat of force (see A/67/379, para. 12).

38. At present there are about 150 settlements together with approximately 100 unauthorized outposts.<sup>32</sup> The number of settlers in the Occupied Palestinian Territory stood at 536,932 in 2011, including 267,643 in East Jerusalem.<sup>33</sup> The

<sup>28</sup> [http://www.ochaopt.org/documents/ocha\\_opt\\_Jerusalem\\_FactSheet\\_December\\_2012\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_Jerusalem_FactSheet_December_2012_english.pdf).

<sup>29</sup> See paras. 7-9 above; see also OCHA Fact Sheet, *East Jerusalem: Key Humanitarian Concerns Update*, December 2012, at [http://www.ochaopt.org/documents/ocha\\_opt\\_Jerusalem\\_FactSheet\\_December\\_2012\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_Jerusalem_FactSheet_December_2012_english.pdf).

<sup>30</sup> 1 dunum = 1,000 m<sup>2</sup>.

<sup>31</sup> A/HRC/22/63, para. 38; Fourth Geneva Convention, article 49.

<sup>32</sup> Information provided by OCHA.

<sup>33</sup> Palestinian Central Bureau of Statistics, [http://www.pcbs.gov.ps/Portals/\\_pcbs/PressRelease/settlmt2011E.pdf](http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/settlmt2011E.pdf).

settler population (excluding that of East Jerusalem) has grown over the past decade at an average yearly rate of 5.3 per cent, compared with 1.8 per cent for the Israeli population as a whole. Israeli settlers now represent approximately 19 per cent of the overall population of the West Bank (see A/67/375, paras. 7 and 12).

39. On 30 November 2012, the day after the General Assembly accorded Palestine non-member Observer State status in the United Nations, the Government of Israel announced the advancement of the E1 settlement plan, comprising several thousand housing units.<sup>34</sup> This plan, if implemented, would completely sever East Jerusalem from the rest of the West Bank and compromise the territorial contiguity between the northern and southern parts thereof.<sup>35</sup>

#### *Settler violence*

40. As the occupying Power, Israel has the obligation to protect the right to life and physical integrity of Palestinians.<sup>36</sup> Yet, various aspects of Palestinian life are significantly affected by a minority of settlers who are engaged in violence and intimidation with the aim of forcing Palestinians off their land (see A/HRC/22/63, para. 50).

41. There has been an increase in "racist violence and acts of vandalism on the part of Jewish settlers in the Occupied Palestinian Territory targeting non-Jews, including Muslims and Christians and their holy places", with impunity.<sup>37</sup>

42. Since 2008, Israeli settlers committed at least nine arson attacks against Palestinian mosques and 21 incidents where graffiti was used to desecrate mosques, churches and burial grounds (see A/HRC/22/63, para. 60).

43. In 2012 355 settler violence incidents were recorded, resulting in injuries to 169 Palestinians, in addition to 240 incidents resulting in damage to Palestinian private property.<sup>38</sup> Israeli security forces have, in numerous instances, failed to protect Palestinians from acts of violence committed by Israeli settlers, even when those acts occurred in their presence. Instead, in a number of documented cases, the Israeli military focused on dispersing Palestinians (see A/67/375, para. 19).

44. From March 2012 to January 2013, a total of 5,832 trees were destroyed or uprooted by settlers.<sup>39</sup>

45. Settler violence continues with a culture of impunity.<sup>40</sup> Of 162 Israeli-monitored police investigations of cases of vandalism of Palestinian-owned trees in the West Bank since 2005, only 1 resulted in an indictment.<sup>41</sup>

<sup>34</sup> Information provided by OCHA.

<sup>35</sup> Btselem, [http://www.btselem.org/settlements/20121202\\_e1\\_human\\_rights\\_ramifications](http://www.btselem.org/settlements/20121202_e1_human_rights_ramifications).

<sup>36</sup> See A/67/375, paras. 30-35; see also article 43 of the Hague Regulations annexed to the Fourth Geneva Convention, respecting the laws and customs of war on land, of 18 October 1907.

<sup>37</sup> See CERD/C/ISR/CO/14-16, para. 28.

<sup>38</sup> Information provided by OCHA.

<sup>39</sup> Information received from United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

<sup>40</sup> Information received from OCHA.

<sup>41</sup> Yesh Din, Police investigations of Palestinian tree vandalization in the West Bank, October 2012.

### West Bank wall

46. In combination with the gate and permit regimes, the wall continues to be the single largest obstacle to Palestinian movement within the occupied West Bank.<sup>42</sup> The International Court of Justice concluded in its advisory opinion of 9 July 2004, that "the wall and its associated regime are contrary to international law" and that Israel is obligated to cease construction of and dismantle the wall and to make reparations for damages caused by the construction of this 708 km wall (see A/ES-10/273 and Corr.1). Israel has yet to comply with the advisory opinion.

47. Israel cites security reasons for the construction of the wall, even though most of its planned route runs within the Occupied Palestinian Territory, not along the Green Line. In addition, the wall's route shows that its aim was to encircle as many Israeli settlements as possible, so as to enable de facto annexation to Israel of lands that lie to the Israeli side of the wall.<sup>43</sup>

48. These lands constitute 9.4 per cent of the territory of the West Bank, including East Jerusalem and some of the most fertile land (238 km<sup>2</sup> of agricultural land)<sup>44</sup> of the West Bank.<sup>45</sup> About 21 per cent, 31 per cent and 13.1 per cent of the grasslands, forests and shrub lands, respectively, will also be annexed behind the wall upon its completion under the planned route.<sup>46</sup>

49. Palestinians aged 16 and above require "permanent resident" permits from the Israeli authorities to continue to live in their homes if located in the seam zone,<sup>47</sup> while Israelis and foreign visitors have unrestricted access (see A/HRC/22/63, para. 40).

50. To enable the construction of the wall, the Israeli army issued military orders for the expropriation of 30,261 dunums of land, 88 per cent of which (i.e. 26,622 dunums) are "private lands belonging to Palestinian residents".<sup>48</sup> In addition, the wall has resulted in the uprooting of 8.4 km<sup>2</sup> of olive groves and orchards.<sup>49</sup>

51. Thousands of Palestinian farmers whose lands lie in this zone also need to obtain hard to get permits from the Israeli authorities to have access to and work their own land. Farmers also may not be able to obtain permits for workers to carry out agricultural work and are not allowed to store equipment on their land in the seam zone.<sup>50</sup>

52. Herders in most cases are not allowed to bring livestock across the wall for grazing, thus about 90 per cent of the directly affected communities report that the wall had led to a decrease in their livestock numbers.<sup>51</sup>

<sup>42</sup> Information received from OHCHR; see A/67/372, para. 44.

<sup>43</sup> Btselem, *Arrested development: the long-term impact of the separation barrier*, October 2012, p. 4.

<sup>44</sup> Information provided by the United Nations Environment Programme (UNEP).

<sup>45</sup> Btselem, *Arrested development: the long-term impact of the separation barrier*, October 2012, p. 13.

<sup>46</sup> Information provided by UNEP.

<sup>47</sup> Information received from OCHA; the seam zone is the West Bank area that lies between the wall and the 1967 armistice Green Line.

<sup>48</sup> Btselem, *Arrested development: the long-term impact of the separation barrier*, October 2012, p. 14.

<sup>49</sup> Information received from UNEP.

<sup>50</sup> See UNCTAD document TD/B/59/2.

<sup>51</sup> Information provided by UNRWA.

### Closure policies and mobility restrictions

53. Palestinians living in the Occupied Palestinian Territory face daily obstacles and humiliation to travel both inside and outside the territory as a result of the wall, military checkpoints permit requirements and travel bans by Israel (see A/HRC/20/17/Add.2, paras. 61-63).

#### *Blockade of the Gaza Strip*

54. Israel continues to maintain the blockade imposed on the Gaza Strip since June 2007.<sup>52</sup> However, despite cited Israeli security concerns and relaxations introduced in its provisions in 2010 and 2012, this blockade amounts to collective punishment<sup>53</sup> and has “locked in” over 1.6 million people in what is one of the most densely populated areas on Earth. It has also led to the “de-development” of Gaza, with degrading living conditions.<sup>54</sup>

55. The movement of people from Gaza through the Beit Hanoun (Erez) Crossing is prohibited, apart from exceptional situations. In 2012 there was an improvement in the transfer of patients from Gaza via the crossing. During the same period, an average of fewer than 200 permitted Palestinians and international persons passed through the crossing each day, compared to an average of 26,000 per day in 2000.<sup>55</sup> At the same time, Israel generally prohibited entry into Gaza of Arab Christian clergy, including bishops and other senior clergy, to visit congregations or ministries under their pastoral authority.<sup>56</sup>

56. The Israeli military has gradually expanded restrictions on access to farmland on the Gaza side of the 1949 Green Line, and to fishing areas along the Gaza Strip coast. Overall, the restricted land area was estimated to encompass 17 per cent of the total land mass of the Gaza Strip and 35 per cent of its agricultural land. At sea, fishermen have been prevented from accessing some 85 per cent of the maritime areas to which they were entitled in accordance with the Oslo Agreements,<sup>57</sup> resulting in an 80 per cent decline in the overall catch.<sup>58</sup>

57. Since the end of the November 2012 military offensive, improved access to fishing and farming areas was recorded, without any significant easing of restrictions on the movement of people and goods through the Israeli-controlled crossings.<sup>59</sup>

#### *Mobility restrictions within the West Bank*

58. The application of access restrictions is discriminatory, targeting mostly Palestinian residents, for the benefit of the Israeli settler population.<sup>60</sup>

<sup>52</sup> A partial blockade was imposed on Gaza Strip in June 2006.

<sup>53</sup> Under-Secretary-General for Humanitarian Affairs, Valerie Amos, 13 June 2012, at <http://ochanet.unocha.org/p/Documents/USG%20Valerie%20Amos%20Statement%20on%20Gaza%2013Jun12.pdf>.

<sup>54</sup> Information received from OCHA.

<sup>55</sup> Information received from OCHA.

<sup>56</sup> United States Department of State, International religious freedom report for 2011, at [http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?dynamic\\_load\\_id=192889#wrapper](http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?dynamic_load_id=192889#wrapper).

<sup>57</sup> Information provided by OCHA.

<sup>58</sup> See A/HRC/21/33/AUV, para. 16.

<sup>59</sup> Information provided by OCHA.

<sup>60</sup> Information provided by OCHA; see also A/HRC/22/63, paras. 72-76.

59. In 2012 the number of obstacles (e.g. checkpoints, flying checkpoints, earth mounds, concrete blocks and ditches), witnessed a slight increase, from 529 to 542. In spite of a number of measures to ease access, 180,000 Palestinians in 55 communities are still compelled to use detours that are two to five times longer than the direct route to the closest city.<sup>61</sup>

60. Movement within the Israeli-controlled part of Hebron City, H2, also remained severely restricted, with Palestinian traffic banned from using most of the roads leading to the Israeli settlements and pedestrian movement also prohibited in other areas, including parts of what was once the main commercial artery.<sup>62</sup>

61. The Jordan Valley and Dead Sea area covers about 30 per cent of the West Bank and is home to nearly 60,000 Palestinians and about 9,500 Israeli settlers. Although there was improvement in Palestinian access to the Jordan Valley during 2012, it remains one of the areas most severely affected by the access restrictions imposed since 2000 and continues to be separated from the rest of the West Bank by dozens of physical obstacles.<sup>63</sup>

62. On 12 November 2012, the Israeli military issued "closed military zone" orders prohibiting anyone apart from residents from entering or approaching the villages of Bil'in, Ni'lin, Nabi Salah and Kafr Quddum on Fridays until March 2013. These are all villages in which weekly demonstrations have been held — and violently dispersed by security forces — regularly on Fridays for the past several years.<sup>64</sup>

63. About 40 per cent of the West Bank, excluding East Jerusalem, has been allocated to 135 settlements, with their municipal boundaries being designated as closed military zones into which the entry of Palestinians is restricted. In other cases, access by Palestinians to agricultural land in the vicinity of settlements has been limited by means of systematic intimidation by Israeli settlers. For the last few years, access to Palestinian private land within the settlements' outer limits has been subject to "prior coordination" with the Israeli authorities, even in cases where the fencing-off of Palestinian private land was carried out independently by Israeli settlers.<sup>65</sup>

64. Approximately 18 per cent of the West Bank has been designated by Israel as a closed military zone for training, or a "firing zone". The presence of Palestinians is formally prohibited in these zones without permission from the Israeli authorities, which is rarely granted. Many residents report that there is in practice little or no military training in their areas.<sup>66</sup>

65. Palestinians, who reside within firing zones, are mainly those who did so prior to the designation of the area as "closed". They face a range of other difficulties, including the confiscation and demolition of property, settler violence, harassment by soldiers, access and movement restrictions, and/or water scarcity. This is in contrast to Israeli settlement outposts established in the firing zones that do not normally face such measures.<sup>67</sup>

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<sup>61</sup> Information received from OCHA.

<sup>62</sup> Information received from OCHA.

<sup>63</sup> Information received from OCHA.

<sup>64</sup> ACRI, <http://www.acri.org.il/en/2012/11/13/closed-military-zone-orders-delivered-to-activists/>.

<sup>65</sup> Information received from OCHA.

<sup>66</sup> Information received from OCHA.

<sup>67</sup> Information received from OCHA.

66. Humanitarian organizations reported around 535 access incidents in the Occupied Palestinian Territory in 2012.<sup>68</sup> UNRWA alone reported a total of 235 such incidents involving its staff in 2012, affecting teachers, medical doctors and nurses, social and relief workers and field office staff. Moreover, access to seam zone areas for mobile health, food assistance, mental health services and social work teams was further restricted.<sup>69</sup>

67. Israeli restrictions hinder the ability of Palestinian Muslims and Christians to reach some places of worship and to practice their religious rites, particularly in Jerusalem. The wall also significantly impeded Bethlehem-area Christians from reaching the Church of the Holy Sepulchre in Jerusalem and made visits to Christian sites in Bethany and Bethlehem difficult for Palestinian Christians who live on the Jerusalem side of the wall. Furthermore, foreign pilgrims and religious aid workers occasionally experienced difficulty obtaining access to Christian holy sites in the West Bank because of Israeli restrictions on movement in the West Bank. Israel's permitting regime also generally restricted most West Bank Muslims from accessing the Haram al-Sharif/Temple Mount.<sup>70</sup>

#### *Access to East Jerusalem*

68. Despite an easing of access restrictions for West Bank Palestinians to East Jerusalem, particularly during the month of Ramadan in 2012, such access continued to be restricted to permit holders who could only cross on foot using 4 of the 16 checkpoints functioning along the wall. The remaining 12 checkpoints are used by Israelis, international persons and Palestinians holding Jerusalem identification cards.<sup>71</sup>

69. Approximately 55,000 Palestinian Jerusalemites who reside on the West Bank side of the wall need to cross checkpoints to have access to health, education and other services in the heart of the city, to which they are entitled as residents of Jerusalem.<sup>72</sup>

#### **Exploitation, endangerment and depletion of Palestinian natural resources**

70. Israel controls almost all Palestinian water resources and exploits around 89 per cent of the available water, leaving only 11 per cent to the Palestinians.<sup>73</sup> Recent figures indicate a per capita consumption at below 70 litres per day for Palestinians in the West Bank, while Israelis living in illegal settlements enjoy access of up to 450 litres per day.<sup>74</sup>

71. Wells and springs that are available to Palestinians are generally degraded, as the Israeli authorities deny Palestinians permits for installing, upgrading or protecting

<sup>68</sup> OCHA, Access incidents of humanitarian organizations database, <http://www.ochaopt.org/dbs/asis/index.aspx?id=1010005>.

<sup>69</sup> Information provided by UNRWA.

<sup>70</sup> United States Department of State, International religious freedom report for 2011, at [http://www.state.gov/j/dri/rls/irf/religiousfreedom/index.htm?dynamic\\_load\\_id=192889#wrapper](http://www.state.gov/j/dri/rls/irf/religiousfreedom/index.htm?dynamic_load_id=192889#wrapper).

<sup>71</sup> Information provided by OCHA.

<sup>72</sup> Information provided by OCHA.

<sup>73</sup> Information provided by UNEP.

<sup>74</sup> Information provided by UNEP.

their water sources to provide sufficient quantities, while they simultaneously continue to drill deeper and more efficient wells for Israeli use.<sup>75</sup>

72. Furthermore, the construction of the West Bank wall has damaged, destroyed or made inaccessible vital sources of water, such as wells, cisterns and springs, which, once damaged, can rarely be repaired or replaced owing to planning restrictions.<sup>76</sup>

73. In addition, Palestinians are denied access to what are supposed to be shared water resources, such as the Jordan River.<sup>77</sup>

74. The targeting of water sanitation and hygiene facilities by the Israeli authorities, including basic systems and facilities funded by international donors, was increased in 2012. In the first nine months of 2012, 33 water infrastructure facilities and 16 sanitation infrastructure facilities were demolished, affecting over 1,500 persons.<sup>78</sup>

75. The increased pressure on available water resources, combined with the blockade and continued Israeli military strikes, has damaged water resources, exacerbating the water crisis in the Gaza Strip.<sup>79</sup>

76. Palestinians in Gaza have resorted to overextraction from the coastal aquifer.<sup>80</sup> This has caused the water table to drop below sea level and saline water and other pollutants to intrude, rendering 90 to 95 per cent of the water unfit for human consumption.<sup>81</sup>

77. The four wastewater treatment plants in the Gaza Strip have limited treatment capacity and efficiency.<sup>82</sup> As a result, about 89 million litres of untreated or partially treated sewage are discharged directly into the sea every day, posing a potentially serious health and sanitation hazard.<sup>83</sup>

78. The sanitation crisis is further compounded by approximately 40,000 cesspits in use in Gaza, of which 84 per cent are manually emptied by household members owing to the lack of connections to the sewage network.<sup>84</sup> In 2012 alone, three children drowned in pools of open sewage that cannot be adequately addressed as long as the blockade hinders sanitation development.<sup>85</sup>

79. In the West Bank, excluding East Jerusalem, only 31 per cent of Palestinians are connected to the sewage network. Only one wastewater treatment plant is operational owing to the Israeli authorities' refusal to grant the necessary permits for the development of sanitation and wastewater treatment infrastructure. As a result, almost 40 to 50 million cubic metres of sewage each year reach natural drainages as untreated sewage.<sup>86</sup>

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<sup>75</sup> Information provided by OCHA.

<sup>76</sup> Information provided by UNEP.

<sup>77</sup> Information provided by UNEP.

<sup>78</sup> Information provided by OCHA.

<sup>79</sup> Information provided by UNEP.

<sup>80</sup> Information provided by UNEP.

<sup>81</sup> Information provided by UNEP.

<sup>82</sup> Information provided by UNEP.

<sup>83</sup> Information provided by OCHA.

<sup>84</sup> Information provided by OCHA.

<sup>85</sup> See Save the Children-Medical Aid for Palestinians, *Gaza's children: falling behind*, 2012, p. 3.

<sup>86</sup> Information provided by OCHA.

80. Israeli settlements in the West Bank, including East Jerusalem, generate 54 million cubic metres of domestic wastewater annually, with much of it entering the environment untreated.<sup>87</sup>

81. Apart from wastewater, solid waste from the settlements is dumped without restriction on Palestinian lands, fields and side roads, or is burned. Several polluting industries were relocated from Israel to the West Bank, including aluminium, tanning, plastics and electroplating, and do not abide by any environmental laws. The industrial waste produced by these industries and other Israeli industries located in the West Bank is disposed of on the nearby Palestinian agricultural lands, thereby constituting a threat to the environment.<sup>88</sup>

82. The wall also obstructs the flow of surface water, with trapped water causing flooding and the degradation of adjacent agricultural lands,<sup>89</sup> especially since Palestinians are not permitted to approach and clear the blockages in drainage pipes under the wall.<sup>90</sup>

83. The construction of the wall has caused physical separation as well as compaction of the soil, uprooting of trees and loss of agricultural land. The uprooting of trees leaves soils exposed and exacerbates land degradation.<sup>91</sup>

84. Farmers have been compelled to leave their lands barren because of the wall, losing a valuable source of reliable income and exposing the soil to erosion. Access difficulties also resulted in the overexploitation of remaining community lands, which also led to increased degradation.<sup>92</sup>

85. The construction of the wall has also altered and destroyed the natural habitats of a number of species, threatening biodiversity and depleting ecosystems. Common floral and faunal species are under serious threat of becoming rare, with some very rare species potentially disappearing altogether. About 22 terrestrial animal species are also under the threat of extinction, as the wall negatively impacted habitat fragmentation and prevented the movement of mammals for food and mating.<sup>93</sup>

### **Economic and social conditions**

#### *Economy*

86. The economic growth in the West Bank and Gaza Strip continues to be unsustainable and restrained by the policies of the Israeli occupation, namely persistent restrictions on movement and access.

87. Reflecting the slowdown in economic activity, unemployment in the West Bank and Gaza remained stubbornly high and rose to 22.9 per cent in the fourth quarter of 2012 from 21 per cent during the same period in 2011.<sup>94</sup> This indicates that labour-

<sup>87</sup> Information provided by UNEP.

<sup>88</sup> Information provided by UNEP.

<sup>89</sup> Information provided by UNEP.

<sup>90</sup> UNRWA-Applied Research Institute Jerusalem (ARIJ), *Barrier impacts on the environment and rural livelihoods*, 2012, at <http://www.unrwa.org/userfiles/2012062812240.pdf>.

<sup>91</sup> UNRWA-ARIJ, *Barrier impacts on the environment and rural livelihoods*, 2012, at <http://www.unrwa.org/userfiles/2012062812240.pdf>.

<sup>92</sup> UNRWA-ARIJ, *Barrier impacts on the environment and rural livelihoods*, 2012, at <http://www.unrwa.org/userfiles/2012062812240.pdf>.

<sup>93</sup> Information provided by UNEP.

<sup>94</sup> Palestinian Central Bureau of Statistics (PCBS), *Labour Force Survey*, February 2013, p. 36.

intensive tradable sectors are excessively and disproportionately impacted by Israeli occupation policies.<sup>95</sup> One issue of concern is the duration of unemployment with adverse effects, including diminished employability and significant forgone income. The average duration of unemployment in the West Bank and Gaza is 11 months (6.6 months in the West Bank and 16.1 months in the Gaza Strip in 2012).<sup>96</sup>

88. Unemployment has been much higher in Gaza (averaging 33.5 per cent in 2010 and 2011) than in the West Bank (17 per cent in 2010 and 2011). By the end of 2012 (fourth quarter), this pattern persisted: the West Bank unemployment rate was 18.3 per cent, while it stood at 32.2 per cent in Gaza.<sup>97</sup>

89. The persistence of high unemployment in the West Bank can be attributed, among other things, to low levels of private sector investment, particularly in Area C, which covers 60 per cent of the West Bank, where investment is highly restricted.<sup>98</sup>

90. Overall wage growth lagged behind inflation, leaving 2011 average real wages 8.4 per cent lower than their level five years earlier.<sup>99</sup> Real wages have fallen over the past decade at all education levels. For example, among those with five years of schooling, real wages were about 30 per cent lower in 2009 compared to 1999 and among those with 16 to 18 years of schooling, wages in 2009 were lower by 10 per cent.<sup>100</sup>

91. In 2011 slightly more than one of four (25.8 per cent) individuals in the West Bank and Gaza were living below the poverty line (17.8 per cent in the West Bank and 38.8 per cent in the Gaza Strip). Similarly, about 12.9 per cent of individuals were living below the deep poverty line in 2011 (7.8 per cent in the West Bank and 21.1 per cent in the Gaza Strip).<sup>101</sup>

92. One significant feature of poverty in the West Bank and Gaza is that many Palestinians have consumption levels that are just above the poverty line, implying that in the event of an economic shock they could easily fall below the poverty line.<sup>102</sup>

93. Seventy-eight per cent of Palestinians living in the Jerusalem district and 84 per cent of children live below the poverty line — the worst rates on record.<sup>103</sup> In addition, 2011 data indicates that 40 per cent of the male Arab population and 85 per cent of Palestinian women in Jerusalem do not participate in the labour market, and more than 5,000 Palestinian businesses in Jerusalem have closed their doors since 1999.<sup>104</sup>

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<sup>95</sup> See International Monetary Fund (IMF), Recent experience and prospects of the economy of the West Bank and Gaza, 19 March 2013.

<sup>96</sup> PCBS, Labour Force Survey, February 2013, p. 20.

<sup>97</sup> PCBS, Labour Force Survey, February 2013, pp. 37-38.

<sup>98</sup> See IMF, Recent experience and prospects of the economy of the West Bank and Gaza, 23 September 2012.

<sup>99</sup> See UNCTAD, TD/B/59/20.

<sup>100</sup> See World Bank, *Towards Economic Sustainability of a Future Palestinian State: Promoting Private Sector-Lead Growth*, April 2012.

<sup>101</sup> See PCBS, Levels of living and poverty in the Palestinian territory, June 2012.

<sup>102</sup> See World Bank, *Coping with Conflict? Poverty and Inclusion in the West Bank and Gaza*, 2011.

<sup>103</sup> See ACRI, East Jerusalem in Numbers, at <http://www.acri.org.il/en/2012/05/16/east-jerusalem-in-numbers/>.

<sup>104</sup> See ACRI, Policies of Neglect in East Jerusalem, May 2012.

94. The withholding and redirection by Israel of tax revenues it collects on behalf of the Government of Palestine, and the decline in donor support observed in 2011 and 2012 had a negative impact on growth and exacerbated a deep fiscal crisis. In November and December 2012 Israel temporarily withheld Palestinian tax revenues as a punitive step in light of the November vote admitting Palestine as a non-member Observer State to the General Assembly. This led to the delay of the payment of salaries to civil servants, who have embarked on strikes in protest since mid-December 2012.<sup>105</sup>

95. The key long-term constraints blocking the emergence of a strong economy are the loss of Palestinian natural resources, land and water to occupation and settlements, and the isolation of Palestinian producers from regional and global markets, leading to their limited ability to procure production inputs and to export their goods and services.<sup>106</sup>

#### *Food security*

96. FAO maintains that while food security levels have improved throughout the Occupied Palestinian Territory, these gains are uneven and temporary in nature.<sup>107</sup>

97. More than 40 per cent of Palestinian households are classified as food insecure or vulnerable to food insecurity. After assistance, 1.3 million Palestinians (27 per cent of Palestinian households) are food insecure and unable to meet their basic food and household expenses.<sup>108</sup>

98. In the West Bank, post-assistance food insecurity still reaches 17 per cent, while these rates in the Gaza Strip reach up to 44 per cent.<sup>109</sup>

99. In the Gaza Strip, UNRWA distributes food to over 700,000 refugees. Without improvements in the economy, which can only come about with the lifting of the blockade, that figure could rise to over 900,000.<sup>110</sup> The World Food Programme distributes food aid to an additional 300,000 persons.<sup>111</sup> Even so, about 44 per cent of recipients of food assistance remain food insecure.<sup>112</sup>

#### *Public health*

100. The continuing occupation of Palestinian territory hinders national health planning and the ability to implement health programmes. It leads many highly qualified doctors and other health personnel to leave the country, causing shortages in many specialties.<sup>113</sup>

<sup>105</sup> See Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO), Briefing to the Security Council on the situation in the Middle East, 23 January 2013.

<sup>106</sup> See UNCTAD, TD/B/59/2, para. 5.

<sup>107</sup> Information received from FAO.

<sup>108</sup> Information received from FAO.

<sup>109</sup> Information received from FAO.

<sup>110</sup> Information received from UNRWA.

<sup>111</sup> Information received from UNSCO.

<sup>112</sup> See United Nations country team in the Occupied Palestinian Territory, *Gaza in 2020: a liveable place?*, August 2012, p. 6.

<sup>113</sup> Information received from WHO.

101. In addition, the blockade of the Gaza Strip has adversely affected the training and movement of health professionals into Gaza, and restricted the construction and rehabilitation of health infrastructure.<sup>114</sup>

102. Patients from Gaza have to apply for Israeli permits in order to access hospital treatment outside Gaza. In spite of some easing of the restriction, two female patients died in 2012 after being delayed in accessing medical treatment. Other patients and/or patient-companions were detained at the Beit Hanoun border between Gaza and Israel while crossing with a valid permit.<sup>115</sup>

103. Before and during the November 2012 offensive, more than 40 per cent of the drug items in the essential drug list and more than 50 per cent of medical consumables were out of stock. Hospitals had difficulty coping with the shortages. Some hospitals reported reuse of single use supplies, as well as the use of alternative and less effective antibiotics when the drug of choice was not available.<sup>116</sup>

104. Also during the November 2012 offensive, 13 primary health care centres and 2 hospitals were partially damaged, whereas a field hospital sustained serious damage after being directly hit. In addition, three ambulance drivers were injured and six ambulances were damaged owing to the shelling.<sup>117</sup>

105. After the November offensive, high rates of psychosocial trauma were reported in Gaza, particularly among children and young people. The number of people receiving assistance in UNRWA health centres related to psychological trauma doubled from November to December, with 42 per cent of those being children under the age of nine.<sup>118</sup> As a conservative estimate, it is reasonable to assume that 25,000 to 50,000 people will need some form of psychological intervention to address the long-term effects of the offensive.<sup>119</sup>

106. In the West Bank, UNRWA reported a continued demand for mental health services during 2012, in connection with stress-related disorders. The demand can be directly linked to protection concerns related to the occupation, including violence, the wall, forced displacement and subsequent socioeconomic hardship.<sup>120</sup> Psychological studies of Palestinian children 12 years of age and under show a disturbingly high correlation between witnessing a parent beaten or humiliated by Israeli soldiers and the loss by the child of the will to live (see A/HRC/20/32, para. 8).

107. Moreover, 58.6 per cent of school children, 68.1 per cent of children (between 9 and 12 months of age) and 36.8 per cent of pregnant women suffer from anaemia. Stunting, or long-term exposure to chronic malnutrition, affects 10 per cent of children under five years of age in the Gaza Strip.<sup>121</sup> It is also estimated that 50 per cent of infants and young children under two years of age in the West Bank and the

<sup>114</sup> Information received from WHO.

<sup>115</sup> Information received from WHO.

<sup>116</sup> See WHO, Initial health assessment report — Gaza Strip, December 2012.

<sup>117</sup> See WHO, Initial health assessment report — Gaza Strip, December 2012.

<sup>118</sup> Information received from UNRWA.

<sup>119</sup> See WHO, Initial health assessment report — Gaza Strip, December 2012.

<sup>120</sup> Information received from UNRWA.

<sup>121</sup> See Save the Children-Medical Aid for Palestinians, Gaza's children: falling behind, 2012, p. 2.

Gaza Strip suffer from iron deficiency anaemia, which is associated with inappropriate feeding practices.<sup>122</sup>

#### *Education*

108. In the Gaza Strip, it is estimated that 250 new schools are now needed, including 100 UNRWA schools, and an additional 190 schools will be needed by 2020, to accommodate the increase in the student population.<sup>123</sup> Currently, more than 87 per cent of UNRWA schools in Gaza operate on a double shift basis. In some cases, shipping containers have been utilized as classrooms.<sup>124</sup>

109. During the November offensive, 286 educational facilities, including schools, kindergartens and tertiary education institutions, suffered damage or destruction, affecting at least 249,067 students.<sup>125</sup>

110. In the West Bank, the restrictive planning regime results in inadequate or a significant shortage of school infrastructure and exposes schools to the threat of demolition. Currently, at least 38 schools serving approximately 3,000 children in Area C of the West Bank and in East Jerusalem have been issued verbal and written stop-work or demolition orders by the Israeli authorities, meaning they are under constant threat of demolition. Access to school can be hindered by physical obstacles, threats and harassment by the Israeli army and settlers.<sup>126</sup>

111. The East Jerusalem school system, which operates under the Israel Ministry of Education and the municipality's Jerusalem Education Administration, suffers from severe neglect, disproportionately low budget allocations, overcrowding, the lack of available classrooms and many other woes.<sup>127</sup>

### **III. Occupied Syrian Golan**

112. Israel continues to occupy the Syrian Golan Heights in its resolution 497 (1981) the Security Council decided that the Israeli decision to impose its laws, jurisdiction and administration in the occupied Syrian Golan Heights is null and void and without international legal effect (A/67/375, para. 45).

113. Approximately 19,000 Israelis have settled in 33 Israeli settlements in the occupied Syrian Golan. That figure nearly equals the number of Syrians who live in the occupied Syrian Golan (ibid.).

114. Israel persists in implementing legal and administrative measures to provide socioeconomic incentives, security, infrastructure and social services to settlers residing in the occupied Syrian Golan, which amounts to the illegal transfer of its population into occupied territory (ibid.), whereas the five remaining Syrian villages of the occupied Syrian Golan are deprived of physical space for organic growth. In the village of Majdal Shams, approximately 11,000 Syrian citizens live in 1,200 houses. As new construction is not authorized, houses are either renovated or

<sup>122</sup> WHO, A/65/27/Rev.1, para. 4.

<sup>123</sup> See United Nations country team, Gaza in 2020: a liveable place?, August 2012.

<sup>124</sup> Information provided by UNRWA.

<sup>125</sup> Information provided by OCHA.

<sup>126</sup> Information provided by OCHA.

<sup>127</sup> See ACRI, Policies of Neglect in East Jerusalem, May 2012.

new floors are added, without the requisite permits, to accommodate the growth of these households.<sup>128</sup>

115. Syrian residents of the occupied Syrian Golan suffer from inequality regarding access to land, housing and basic services. The Citizenship Law continues to impact family ties for Syrians in the occupied Golan, which continue to be disrupted as a consequence of the territory's illegal annexation in 1981.<sup>129</sup>

116. High levels of taxes and restrictions on the use of water put a significant burden on Syrian farmers, who are thus in an unequal and disadvantaged position. Israeli settlements continued to receive the allotted share of 750 cubic metres of water per dunum of land, while the Syrian producers received 200 cubic metres. The cost of the water supply for agriculture to the Syrian farmers is approximately four times more than to the settlers. Water shortages usually result in the diversion of water resources to the settlements and, consequently, in some reduction of water provision to the Syrian farmers.<sup>130</sup>

117. In February 2013 Israeli media reported the intention of the Israel authorities to authorize drilling for oil in the occupied Golan Heights by issuing a license to prospect to a United States-Israeli energy company.<sup>131</sup>

#### IV. Conclusion

118. The prolonged Israeli occupation, its discriminatory regime and practices violate United Nations resolutions and international law, and should not be allowed to persist with impunity. The practices and regime, and their socioeconomic ramifications for the Palestinian people and Syrian citizens, will only result in increased suffering and, consequently, contribute to undermine peace and justice, which can only be achieved upon the realization of the right to self-determination for peoples under occupation.

119. Israeli settlements in the Occupied Palestinian Territory and the occupied Syrian Golan not only are illegal but also constitute an obstacle to peace. The international community should exert all possible efforts to ensure the implementation of international law and relevant United Nations resolutions. These efforts should include providing support for initiatives that seek to end the Israeli violations of international law in the occupied territories, especially Israeli settlement activities, as a first step towards a final and just resolution to the conflict that ends the occupation and allows the attainment of the inalienable rights of the Palestinian people, as guaranteed by international law.

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<sup>128</sup> International Labour Organization (ILO), ILC.101/DG/APP, para. 137.

<sup>129</sup> CERD/C/ISR/CO/14-16, para. 29.

<sup>130</sup> ILO, ILC.101/DG/APP, paras. 131-132; and information received from UNSCO.

<sup>131</sup> Yediot Ahronoth, <http://www.ynetnews.com/articles/0,7340,L-4347549,00.html>.

# A/68/78

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**Follow-up to and implementation of the outcome of the  
2002 International Conference on Financing for  
Development and the 2008 Review Conference**

**Economic and Social Council  
Substantive session of 2013  
Geneva, 1-26 July 2013  
Item 6 (a) of the provisional agenda\*\*  
Implementation of and follow-up to major  
United Nations conferences and summits:  
follow-up to the International Conference  
on Financing for Development**

**Summary by the President of the Economic and Social  
Council of the special high-level meeting of the Council  
with the Bretton Woods institutions, the World Trade  
Organization and the United Nations Conference on Trade  
and Development (New York, 22 April 2013)**

**I. Introduction**

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 22 April 2013. The overall theme of the meeting was "Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda". The meeting featured the opening address by the Deputy Secretary-General of the United Nations, the keynote address by the Special Envoy and Representative on the Millennium Development Goals and Financial Development of the World Bank Group and statements on behalf of the Trade and Development Board of UNCTAD, the joint Development Committee of the World Bank and the International Monetary Fund (IMF), the International Monetary and Financial Committee of IMF, and WTO.

2. The meeting was organized around one high-level panel and two thematic debates. The high-level panel focused on the theme "World economic situation and prospects in the wake of the world financial and economic crisis". The thematic debates were organized around the following themes: "Financing for sustainable development, including through leveraging private capital, in the context of the

\* A/68/50.

\*\* E/2013/100.



follow-up to the outcome of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012” and “Global partnership for development in the context of the post-2015 development agenda”. Each thematic debate included initial presentations by senior staff of the World Bank, UNCTAD, WTO and the Department of Economic and Social Affairs of the United Nations Secretariat, followed by an interactive discussion. The meeting had before it a note by the Secretary-General (E/2013/52), which provided background information and suggested possible questions for discussion under the three themes.

3. The speakers at the high-level panel included one Prime Minister, one First Vice Prime Minister, a Deputy Prime Minister, a Vice-President of the European Commission, five Ministers and two Central Bank Governors. A significant number of Executive and Alternate Directors of the Boards of the World Bank and IMF participated in the meeting. Also participating were high-level governmental officials in the areas of finance, foreign affairs and development cooperation, as well as senior staff of organizations of the United Nations system and other international organizations. Representatives of civil society and the business sector also participated actively in the high-level panel and the two thematic debates.<sup>1</sup>

4. The meeting was preceded by consultations within the Economic and Social Council and between its President and other members of its Bureau and the management of the Bretton Woods institutions, WTO and UNCTAD, and by the preparatory meeting of the members of the Bureau with members of the Executive Board of the World Bank and the Executive Board of IMF. In the course of those consultations and meetings, the agenda and the format of the special high-level meeting were discussed and agreed upon.

## **II. Opening of the special high-level meeting**

5. The opening of the meeting featured statements by the President of the Economic and Social Council, Mr. Néstor Osorio (Colombia), and the Deputy Secretary-General of the United Nations, Mr. Jan Eliasson.

6. The President of the Economic and Social Council welcomed participants to the meeting and highlighted a few substantive points under each of the selected themes. First, in the wake of the world financial and economic crisis, the world economic situation and prospects had remained grim. The global slowdown had implied high levels of unemployment across the world, a slower pace of poverty reduction and a narrowing of fiscal space for investments in areas that were critical for achieving the Millennium Development Goals. In addition, downside risks included the possibility of the spiralling of geopolitical tensions and of a climate shock leading to a spiking in world food prices. He called for more forceful and concerted policy actions at both national and international levels to mitigate major systemic risks linked to a fragile global economy and ensure a stronger and sustained economic recovery. He also highlighted the need for an effective strategy of financing for sustainable development that should support inclusive economic growth that was environmentally, economically and socially sustainable. Such a strategy would require domestic resource mobilization, the fulfilment of all official development assistance (ODA) commitments, the use of innovative mechanisms of

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<sup>1</sup> For the list of delegations, see document E/2013/INF/1.

financing, measures to leverage private finance through risk-sharing and other measures to better align private incentives with public goals. He stressed that it would also be necessary to promote financial stability in order to facilitate long-term investments in crucial sectors for sustainable development such as infrastructure. Moreover, he highlighted the need for a renewed global partnership for development within the post-2015 development agenda that should go beyond its present framework to embrace the changing development landscape and enable transformative change. He further emphasized that there was a need for a more accountable, inclusive and coherent system of global economic governance, which entailed effective arrangements for collective decision-making among diverse stakeholders at the international level. Such a system would also enhance the global partnership for development through ensuring the participation of all relevant actors in international policymaking and dialogue. Within the United Nations system, the Economic and Social Council, including through the special high-level meeting, had a critical role to play in increasing coherence, coordination and cooperation in that regard.

7. The Deputy Secretary-General addressed the meeting. He highlighted the ongoing effects of the global financial crisis, which continued to impede economic recovery worldwide, causing the ongoing jobs crisis, especially among youth, and deepening inequality problems. He stressed that Member States had agreed that poverty eradication was the greatest global challenge facing the world today, while the global slowdown had narrowed the space for necessary investments in education, health, sanitation and other drivers of development. He also called on the Economic and Social Council to play a crucial role in promoting dialogue among Member States on the post-2015 development agenda, including addressing the question of financing for sustainable development and promoting renewed commitment to the Monterrey Consensus and the Doha Declaration on Financing for Development. He emphasized the important objectives of the new intergovernmental committee of experts nominated by Member States to propose options on an effective financing strategy. He further emphasized the importance of the work of the Council in promoting South-South cooperation, as an additional form of partnership, exchange of experience and also financing mechanism. That and the coming year would represent very important opportunities for the strengthening of the enablers and intergovernmental arrangements for sustainable development. In addition to those pressing matters, particular attention should be given to the role and format of the High-level Political Forum launched in Rio de Janeiro in 2012. He encouraged participants to contribute to a future direction and vision, bold yet practical, for truly equitable and sustainable global development.

### **III. High-level Panel on theme 1: “World economic situation and prospects in the wake of the world financial and economic crisis”**

8. The morning session featured a high-level panel on the first theme: “World economic situation and prospects in the wake of the world financial and economic crisis”, followed by an interactive discussion. The Panel featured interventions by Commodore Josaia Voreqe Bainimarama, Prime Minister, Fiji; Mr. Djoomart Otorbaev, First Vice Prime Minister, Kyrgyzstan; Mr. Mauricio Cárdenas Santamaría, Minister of Finance and Public Credit, Colombia; Mr. Olli Rehn,

Vice-President of the European Commission and Commissioner for Economic and Monetary Affairs and the Euro, European Union; Mr. Abdul-Rahman Dirar, State Minister, Ministry of Finance and National Economy, Sudan; Ms. Jutta Urpilainen, Deputy Prime Minister and Minister of Finance, Finland; Mr. Claus J. Raidl, President of the Austrian National Bank; Mr. Yaseen Anwar, Governor of the State Bank of Pakistan; Ms. Gunilla Carlsson, Minister of Development Cooperation, Sweden; Mr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance, Islamic Republic of Iran; Mr. Luis Arce Catacora, Minister of Economy and Public Finance, Plurinational State of Bolivia; and Ambassador Mark Espot, Special Envoy of the Prime Minister, Belize.

9. Commodore Josaia Voreqe Bainimarama, Prime Minister of Fiji, speaking on behalf of the Group of 77 and China, stressed the importance of broad consultations, involving all stakeholders, including civil society and academia, while recognizing the leading role of the intergovernmental process in formulating global economic governance. He noted, in particular, that the international financial and monetary system needed substantive reforms to reflect the twenty-first century role of developing countries in the world economy. Those reforms should concern properly regulating financial systems and capital markets for achieving growth and sustainable development, using special drawing rights (SDRs) for the benefit of developing countries, further expanding those countries' voting rights in the Bretton Woods institutions, and obtaining more concessionary debt restructuring and technology transfer for them. Renewed international partnerships for development were the basis for such people-centred international cooperation, which had started with the adoption of the Monterrey Consensus. The Group of 77 and China particularly emphasized the continuing critical catalytic role of ODA in achieving sustainable development and the urgency of completing the Doha Round of multilateral trade negotiations. The upcoming WTO Ministerial Conference to be held in Bali, Indonesia, in December 2013 should aim at achieving concrete results that are equitable and take into full consideration the priorities of developing countries such as trade, aid, foreign direct investment (FDI) guarantees targeting productive sectors and supply-side capacity-building, especially in the least developed countries.

10. Mr. Dجومart Otorbaev, First Vice Prime Minister, Kyrgyzstan, criticized the unilateral expansionary policies pursued by developed countries that hurt the competitiveness of developing countries, and called for more coordinated international policymaking to make the world fairer and more equal. He was particularly critical of donor countries' failure to honour their commitments, citing that only 1 out of the 13 targets of the aid-effectiveness agenda was fulfilled, despite the substantial progress achieved by developing countries. He suggested that the Economic and Social Council consider convening another high-level forum on aid effectiveness. He also advocated countering the spillover effects of developed countries' unilateral policies by raising the role of the emerging market economies, especially of the BRICS countries (Brazil, the Russian Federation, India, China and South Africa), in multilateral development banks. Developing countries should get more voting power in the Bretton Woods institutions. Competition in the design of policy advice was highly welcome in today's more complicated world. He welcomed the historic adoption of the outcome document of the United Nations Conference on Sustainable Development "The future we want" (General Assembly resolution 66/288, annex), and briefed the meeting on his country's achievements in that area.

11. Mr. Mauricio Cárdenas Santamaria, Minister of Finance and Public Credit, Colombia, shared his country's experience of working to achieve the Millennium Development Goals and emphasized the importance of building on Millennium Development Goals successes in formulating the post-2015 development agenda. He stated that Colombia had met the Millennium Development Goals, with gross domestic product (GDP) growth the main driver behind meeting them. He noted that success in developing countries depended not just on good domestic policies but also on a benevolent external environment. In that connection, he expressed concern over the expansionary monetary policies pursued by reserve currency countries, which could generate difficulties in other countries. Colombia strongly supported the concept of sustainable development goals, including commitments on climate change. He said that his country was reducing subsidies on oil products and was devoting 20 per cent of the tax on oil producers to environmental protection. He said that the new development agenda should be guided by the priorities of sustainable development, including the objective of closing the per capita income gap between developed and emerging market developing countries. In addition, emerging market and middle-income countries' representation at the Bretton Woods institutions should be upgraded. He also stressed the overwhelming importance of raising productivity in developing countries as the main factor of growth convergence and developmental catch-up, and called for increased attention to the related investment and infrastructure needs, as well as measurable indicators to monitor progress.

12. Mr. Olli Rehn, Vice-President of the European Commission and Commissioner for Economic and Monetary Affairs and the Euro, European Union (EU), welcomed the emerging convergence of views on sustainable development goals to succeed the Millennium Development Goals and expressed the Union's strong support for the post-2015 development agenda. He assured that EU, as the largest donor accounting for over 50 per cent of global ODA, would continue to work hard for the implementation of the agenda of the Group of 20 in partnership with developing countries, including the endorsement of a larger role of developing countries in global governance, increased quota and representation at IMF. The Union was committed to effective multilateralism and recognized the centrality of the United Nations role in global economic governance, as stated in the Treaty of Lisbon. He called for more effective and closer cooperation between the United Nations and the Group of 20 in favour of developing countries and for achieving tangible progress at the Doha trade negotiations to help with faster world economic recovery. He also briefed the representatives on the current EU actions aimed at tackling the crisis in Europe, emphasizing the importance of improving the competitiveness of affected countries for getting out of the current stagnation. He stressed, inter alia, that fiscal solvency was essential for sustainable growth, but it was equally important to progress at an appropriate pace within a medium-term framework and in the context of other structural reforms. He said that fiscal deficits in the region had been halved to 3 per cent from 6 per cent in 2011 thanks to the fiscal consolidation efforts by member countries. According to him, that fiscal consolidation, in combination with actions of the European Central Bank, had restored financial market stability, while the recent reforms further strengthened confidence and improved EU governance.

13. Mr. Abdul-Rahman Dirar, State Minister, Ministry of Finance and National Economy, the Sudan, drew attention to the Financing for Development process and the outcome document of the 2012 International Conference on Financing for Development, especially concerning the needs of least developed countries, as

forming the basis of the post-2015 development cooperation framework. He also stressed the need for drawing adequate lessons from the experience of the world economic crisis, which laid bare the shortcomings of global governance. He expressed particular concern about the post-conflict countries' debt impeding their development efforts, and spoke of his country's urgent need for international support, following the successful reconciliation with the newly created South Sudan. He also appealed for intensive fast-track efforts to achieve the Millennium Development Goals in the remaining period ahead of the 2015 deadline, and stated that the Sudan was against the policies of economic sanctions and austerity.

14. Ms. Jutta Urpilainen, Deputy Prime Minister and Minister of Finance, Finland, pointed out that sustainable development implied intergenerational fairness. She noted, in that connection, that tackling youth unemployment, which reached over 50 per cent in some countries following the crises, was as important as tackling environmental degradation. To prevent the advent of a lost generation, Europe was introducing a programme of guaranteed employment or training after four months of unemployment, and such policies should be emulated elsewhere to help the 600 million unemployed youths worldwide. She also criticized that fossil fuel subsidies, often defended on the basis of social objectives, mostly benefited the well-to-do, and called for their cancellation. She also advocated closer international cooperation to fight the still widespread tax evasion that sapped resources from development-oriented uses.

15. Mr. Claus J. Raidl, President of the Austrian National Bank, drew attention to what he called an often-heard misunderstanding that the euro was the reason for the sovereign debt and banking crises in Europe. In his view, the introduction of the euro was an unqualified success, allowing all member countries to benefit from low inflation and capital inflows that boosted growth and development. The euro's reserve currency status was undisputed and its share in countries' reserves was still increasing. Many parts of Europe, with the notable exception of Central and Eastern Europe, were growing as fast as Asia and the United States of America. The balance-of-payments imbalances in Europe had stabilized; now the challenge was to restore competitiveness in deficit countries. He also addressed the involvement of Austrian banks in Central and Eastern Europe and said that the involvement of Austrian banks there was beneficial, though there were some problems, which banks needed to hold reserves against.

16. Mr. Yaseen Anwar, Governor of the State Bank of Pakistan, stated that global economic stability was a common good, requiring shared responsibility for its preservation. However, developing countries lacked shock absorbers and were threatened with budgetary crisis, reserves drawdown and debt distress unless the international community could come up with an adequate response to assist them. Pakistan faced additional economic and political difficulties stemming from the war on terrorism and the presence of over 4 million Afghan refugees on its territory. He said that the new post-2015 development agenda should continue to focus on poverty eradication and also on supporting home-grown economic plans and mobilization of domestic resources to promote self-reliance in developing countries. He also criticized the stalled dialogue in WTO and the soft-peddalling on institutional reforms in the global economic system, and called for differential treatment for small island States and the least developed countries. Of particular importance was delivering modern energy services to people in poor countries. In that connection,

the launching of the Sustainable Energy for All Initiative by the Secretary-General of the United Nations was very welcome.

17. Ms. Gunilla Carlsson, Minister of Development Cooperation, Sweden, stated that eradicating poverty was no longer just a dream, and this year's annual meeting of the Bretton Woods institutions was a reflection of that optimism. The way forward now was through achieving people's empowerment and accountable governments, especially relying on mobilization of domestic tax revenues and remittances, with ODA playing a catalytic role. The multilateral system needed to improve its efficiency to come up with effective solutions for tackling global challenges out of reach of national governments. In that context, it was important for the United Nations system to embrace results-oriented modern management culture and improve its cooperation with the Bretton Woods institutions. Coordination at the country level through cooperation between resident coordinators in areas such as capacity-building for democratic governance, gender equality and improving statistics offered the biggest potential for arriving at such development solutions.

18. Mr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance, Islamic Republic of Iran, highlighted that development financing had been the most critical challenge for developing countries before and after the crisis. Therefore, non-inflationary financing for reducing poverty, inequality and environmental degradation was critical for achieving sustainable development. In particular, 80 per cent of infrastructure investment in developing countries was funded by public resources, and such investment needs were projected to reach \$1,000 billion per year by 2020. Despite the progress achieved, poverty and environmental degradation were prevalent, especially in Africa and South Asia. Given the limited availability of public resources, innovative models such as public-private partnerships needed to be explored. He also highlighted that Iran's human development indicator rose from 0.654 in 2000 to 0.742 in 2012, while the Gini coefficient dropped from 0.368 to 0.343 in urban areas, and from 0.398 to 0.362 in rural areas. He criticized the sanctions imposed by Western Governments on Iran with far-reaching adverse consequences for its people and trading partners. In particular, he lamented the World Bank's refusal to lend to Iran despite the presence of a good investment environment and many bankable projects in the country. Moreover, that refusal was in violation of the Articles of Agreement of the World Bank, which required equal treatment for all members. As a chairman of the Movement of Non-Aligned Countries, Iran supported strengthening the Economic and Social Council as the main consultation framework to promote international economic cooperation.

19. Mr. Luis Arce Catacora, Minister of Economy and Public Finance, Plurinational State of Bolivia, was of the view that no effective and permanent solution had been found against the United States- and EU-induced financial, energy, food and climate crises that fed on each other. A bold response to tackling the consequences of those crises required rejecting the capitalist orthodoxy and should involve fiscal stimulus for global growth, a tax on financial transactions and other high profit sectors and debt restructuring. Likewise, duty- and quota-free market access for least developed countries and other developing countries, dependent on commodity exports, was critical since those countries were especially vulnerable to external shocks. He emphasized that inequality was increasing, even in the United States, as evidenced by a drop in real wages. Those trends would add to global pessimism. The speaker further emphasized the need for proper government interventions in the economy to

improve the current low investment environment and help to boost investor confidence.

20. Ambassador Mark Espat, Special Envoy of the Prime Minister, Belize, called for ensuring equitable representation of all States in international economic governance. He emphasized that the Group of 20 should pay attention to the General Assembly as the universal, inclusive and truly legitimate forum for global policy processes. He addressed the difficulties of middle-income countries, which were particularly vulnerable to the volatility of the current economic and financial environment. Those countries, such as the small island States, required better liquidity access from multilateral development banks. In that context, he called for indexing those countries' debt repayment to their exports and terms of trade changes. He also said that unscrupulous lenders should share the burden of unsustainable debt.

21. During the interactive discussion, some representatives noted the increased role of emerging market economies as providers of capital flows. That paradigm shift should be reflected in the governing structure of the Bretton Woods institutions and other relevant economic financial forums. Some representatives asked what specific measures those institutions were considering with regard to climate change and how they were going to coordinate their actions with the United Nations.

22. One speaker expressed his opinion that the Chinese economy was likely to slow, with a definite negative impact on commodity-exporting developing countries. He also thought that the effectiveness of the Japanese monetary expansion would be offset by adverse demographic trends and the United States shale gas boost would be partly neutralized by fiscal constraints. Most importantly, EU austerity policies were wrongheaded and could lead to an Argentine-type crisis. Under those circumstances, international financial institutions and large corporations should plan for worst-case scenarios and crisis management.

23. It was further stated that the hoped-for reforms in financial regulation had not materialized, and the financial system needed to be shrunk by separating investment and commercial banking, to avoid moral hazard associated with being too big to fail. Additional measures needed included using SDRs for climate change financing, setting up resolution funds for loss absorption, revisiting the proposal for sovereign debt restructuring mechanisms, and conducting derivatives transactions only through exchanges, with product screening for consumer protection.

24. It was highlighted that debt servicing was becoming a big drag on the economies of finance-deprived developing countries. In that context, one speaker proposed that the Economic and Social Council sponsor a conference of creditors to least developed countries. He also called for more capacity-building measures in the post-2015 development agenda for those countries.

25. Some speakers noted that the Monterrey Consensus was more relevant today than ever, as the risks that had inspired it were more prevalent now, while both the official and private sector were unprepared. In that connection, it was proposed to create a global risk mitigation solutions centre with a network of national risk centres, somewhat similar to the underutilized World Bank facility. One speaker also expressed his view that the Monterrey Consensus emphasized the priority of the mobilization of domestic resources, not ODA or external debt for economic growth

and development, and that rule of law, business-friendly investment environment and secure property rights were more important than international factors.

26. It was stressed that the coming two years were critical in terms of preparing the post-2015 agenda and ensuring adequate financing for the implementation of the Secretary-General's action plan for sustainable development.

#### **IV. Keynote address**

27. The morning session also featured a keynote address from Mr. Mahmoud Mohieldin, Special Envoy and Representative on the Millennium Development Goals and Financial Development, World Bank Group, on "Introduction to the post-2015 development agenda from the World Bank perspective, with a special focus on financing for development". The speaker emphasized that the original Millennium Development Goals were articulated independently of a financing framework, which came later in the shape of the Monterrey Consensus. Therefore, in a context of fiscal consolidation, the discussion of post-2015 goals must be integrated with the consideration of supporting financing. The speaker highlighted that costing the Millennium Development Goals required too many assumptions and should not be a major objective of the exercise of formulating a post-2015 development agenda.

28. Good policies and credible institutions would enhance the impact of available resources and leverage additional resources from both domestic and foreign sources. He recommended that developing countries design targeted evidence-based policies and support sound institutions, generate more revenues, ensure efficient public spending and promote financial deepening and inclusion. At the same time, the international community should support those actions by maximizing the impact of ODA, supporting new development partners, leveraging the private sector, tapping into new sources of finance, and delivering global public goods. The speaker highlighted that no quantity of financing, whether grant, concessional or non-concessional, could achieve the development goals without supporting policies and a credible commitment to combating poverty. Finally, he underscored that financial instruments had different properties and comparative advantages. Selecting the right combination of instruments to meet a given goal, in a given country context, might be one of the most important tasks ahead to enable the full implementation of the next development framework post-2015.

#### **V. Statements by intergovernmental representatives of institutional stakeholders**

29. The morning session concluded with statements by Mr. Mukhtar Tileuberdi (Kazakhstan), President, Trade and Development Board, UNCTAD; Mr. Jorge Familiar Calderón, Vice-President and Corporate Secretary, World Bank Group, and Acting Executive Secretary of the IMF/World Bank Development Committee; Ms. Patricia Alonso-Gamo, Deputy Secretary of IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC); and Mr. Shishir Priyadarshi, Director, Development Division, WTO.

30. The President of the Trade and Development Board of UNCTAD emphasized the importance of trade as an engine of development and highlighted the need for

expeditious and successful realization of the development objectives of the Doha Round of multilateral trade negotiations. He highlighted the need for a development-centred and inclusive system of international trade, as emphasized in the outcome of the Thirteenth Ministerial Meeting of UNCTAD, held in Doha, Qatar, in April 2012. He also pointed to the importance of ensuring the coherence and consistency of the international economic architecture. The crisis had highlighted the need to put in place transparent systems for timely resolutions of debt crises to minimize welfare losses and spillover effects to other countries. He further emphasized the need to build productive capacities, including through technological learning and innovation. A much more concerted effort was needed to mobilize investment into productive innovation across large parts of the developing world.

31. The Vice-President and Corporate Secretary of the World Bank reported on the outcome of the meeting of the Development Committee. The Development Committee endorsed a framework for guiding the planning and implementation of the World Bank Group's activities. Five principles would guide strategy of the World Bank in the future: serve poor and vulnerable people in a sustainable manner everywhere; recognize the diversity of clients; work as one World Bank Group; focus on development solutions; and exercise dynamic selectivity. Moreover, the Development Committee highlighted the historic opportunity to end extreme poverty within a generation and endorsed the global target of reducing the extreme poverty rate — the percentage of people living on less than \$1.25 a day — to 3 per cent by 2030. Achieving that goal would require strong growth across the developing world, as well as translation of growth into poverty reduction to an extent not seen before in many low-income countries. It would also require overcoming institutional and governance challenges, and investing in infrastructure and in agricultural productivity. Moreover, the Committee equally endorsed the goal to promote shared prosperity, which would entail fostering income growth of the bottom 40 per cent of the population in every country. The speaker stressed that sustained economic growth needed a reduction in inequality. In that context, the importance of the relationship between the World Bank and the United Nations was also emphasized.

32. The Deputy Secretary of IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC) reported on the outcome of the meeting of IMFC. The discussions focused on the latest global economic developments, key risks for the global economy, and policy actions required to mitigate them, as well as the role of IMF in supporting its membership in addressing those challenges. The overall assessment of the global economy was that an uneven recovery was emerging but growth and job creation remained weak. Global growth in 2013 was not expected to be higher than in 2012. Going forward, the Committee called for a collective action to restore the global economic resilience by decisively addressing medium-term structural challenges, including: the need for financial sector reform; the need for durable fiscal adjustment and institutional reform to deal with the future trajectory of public and private debt; the need to stimulate job creation and inclusive growth; and worries over currency valuations and competitive depreciation in view of exceptionally accommodative monetary policy in key advanced economies.

33. The Director of the Development Division of WTO reported on the present state of the Doha Round of multilateral trade negotiations and prospects for the

forthcoming Ministerial Conference in Bali, Indonesia. Even though the agreement on the Doha Round was not close, especially in view of decreasing growth in international trade, there had been progress in terms of the scope and depth of the deal, which were much broader and deeper than in previous rounds. For Bali, there were prospects to have agreement on several issues, including trade facilitation, agriculture and specific issues for the least developed countries. Given the important contribution that trade-led economic growth had provided to increasing domestic revenue generation, it was essential that any post-2015 development agenda must necessarily include economic growth as an essential pillar of its means of implementation.

# **VI. Thematic debate of the whole on theme 2: “Financing for sustainable development, including through leveraging private capital, in the context of the follow-up to the outcome of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012”**

34. The first thematic debate featured presentations by Ms. Shamshad Akhtar, Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs of the Secretariat; Mr. James Zhan, Director, Division on Investment and Enterprise, UNCTAD; and Mr. Chris Lane, Division Chief, Low Income Countries Division, Strategy, Policy and Review Department, IMF, followed by an interactive discussion.

35. Ms. Akhtar emphasized that a financing for development strategy was an urgent priority as the international community moved forward to formulate a post-2015 sustainable development agenda. The outcome document of the United Nations Conference on Sustainable Development recognized the need for significant mobilization of resources to promote sustainable development. Governments were now in the process of establishing an intergovernmental committee to focus on an effective sustainable development financing strategy. That strategy would have to move its emphasis from external to national domestic resource mobilization and should place more emphasis on directing private flows for development purposes. A prerequisite for that would be to ensure the financial system was stable with an enabling policy environment to effectively and efficiently allocate resources. Financing gaps were especially large in areas that the private sector had not found attractive on a risk-reward basis, including four categories: (a) long-term investments, such as infrastructure; (b) riskier investments, including low-carbon investments, innovation, and financing of small and medium-sized enterprises as well as other forms of inclusive finance; (c) financing of international cooperation, including maintenance of the global commons; and (d) additional financing for human development. Despite the ever-increasing need for long-term financing, especially for infrastructure, the long time frame necessary for many types of investments was outside the investment parameters of many investors, even for those considered to be long-term investors.

36. The diagnostic long-term financing report for the Group of 20, a collaborative effort of the World Bank, IMF, the Bank for International Settlements (BIS), the

Organization for Economic Cooperation and Development (OECD), the United Nations and other agencies, pointed out that the availability of long-term financing had declined since the financial crisis. While the issue of a long investment horizon arose with traditional infrastructure investment, it was particularly relevant for low-carbon infrastructure projects. The speaker highlighted that both private and public finance, as well as public sector policies and international cooperation, would be necessary to finance those large and growing needs. A fundamental challenge would be to ensure complementarities across different sources of finance, as each type of financing had unique investment objectives, fiduciary responsibilities, and associated incentives. Public-private partnerships had become increasingly looked to as a mechanism to leverage official resources with private finance through risk-sharing. Moreover, domestic financing would also be key. Strengthening local financial systems and encouraging a more effective allocation of resources was important. However, domestic capital and financial markets needed to be monitored and regulated to minimize risks to the real economy, including those associated with short-term volatile capital cross-border flows. In addition, financial inclusion and access to financial services by poor and vulnerable population groups had been found to be beneficial for economic and social development. Moreover, although not sufficient, official financing would remain crucial, both directly as well as to leverage private resources. Donor countries should aim at fulfilling their ODA targets and be actively engaged with the United Nations in developing financing strategies for sustainable development. National, regional and multilateral development banks could also play a catalytic role in mobilizing long-term investment financing, as well as countercyclical policies that could help to reduce volatility associated with financial markets.

37. Mr. Zhan made a presentation on “Leveraging private investment for sustainable development: challenges and policy actions”. The speaker emphasized that, currently, foreign direct investment (FDI) did not serve as the locomotive of the world economy. Indeed, FDI had declined by 18 per cent in 2012 and its recovery would take longer than expected. Yet, in 2012, developing countries had surpassed developed countries in FDI inflows by some \$130 billion. The speaker further highlighted that transnational corporations played a significant role in the global economy, moreover, they were sitting on a record amount of cash reserves. The challenge was therefore to mobilize FDI for inclusive, responsible and green growth. In that context, the current global investment regime was not functioning effectively. More coherence and consistency was needed. Most importantly, the transfer of technologies should be further encouraged.

38. Looking ahead, the speaker laid out four policy challenges: (a) mainstreaming sustainable development into the investment policy regime; (b) promoting investment in inclusive growth; (c) promoting responsible investment; and (d) channelling investment into green growth and infrastructure development. Mainstreaming sustainable development in national and international investment regimes should follow an “Investment Policy Framework for Sustainable Development”, as laid out by UNCTAD, that would be anchored in core principles, guidelines for national investment policies, options for international investment agreements and investment policy hubs and reviews. Promoting investment in the poor, for the poor and with the poor was the goal of the Joint UNCTAD/International Chamber of Commerce Initiative on Pro-Poor Investment. The Initiative promoted viable and sustainable investment in poverty alleviation, the production of accessible and affordable goods

and services, and the fostering of business linkages with small and medium-sized enterprises and microenterprises. The speaker also referred to the Entrepreneurship Policy Framework. The Framework identified policy objectives and options in the form of recommended actions, proposed checklists, case studies and good practices, provided an interactive online inventory of good practices, offered a user guide and methods for policy monitoring and evaluation and provided a set of indicators to measure progress. The panellist further elaborated on the work of UNCTAD in promoting responsible investment for sustainable development. He mentioned the potential for new tools to channel investment into green growth and infrastructure development, which might include engaging sovereign wealth funds, impact investment or including a sustainable development goal for investment.

39. Mr. Lane shared the work of IMF on "Financial Assistance and Policy Support to Low-Income Countries". His presentation emphasized the importance of self-sustained financing, improving facilities and sharpening policy advice. The purpose of IMF concessional financing was to address balance-of-payments problems arising from external shocks, e.g., commodity prices, capital outflows, and domestic shocks and vulnerabilities, which included macroeconomic imbalances, natural disasters, States in fragile situations and small and very small States. The speaker highlighted that the Average Annual Lending Commitments for the Poverty Reduction and Growth Trust (PRGT) rose from 0.9 billion SDRs for the period 1988-2000 to 1.6 billion SDRs for 2009-2012. Debt relief had led to a declining debt burden, which in turn had created space for higher poverty-reducing spending. Total external debt (in percentage of GDP) had gone down and was projected to remain relatively stable over the next few years, while debt service decreased and poverty-reducing expenditures (in percentage of GDP) had risen steadily, except for a small dip during the world financial and economic crisis. Citing IMF research, the speaker projected that for 2013-2035, the demand for IMF concessional financing could follow a low demand scenario of 1.1 billion SDRs or increase slightly from the current demand of 1.6 billion to 1.7 billion in a high-demand scenario.

40. The speaker underscored that there was an ongoing need for PRGT financing for countries with balance-of-payments needs. PRGT financing would require a mixed resources base with contributors providing loan resources and a self-sustained trust fund with subsidy resources. Achieving a self-sustained PRGT would be anchored in a "three-pillar strategy". The first pillar would provide the baseline envelope with SDR 1.25 billion (average) lending per year; the second pillar would provide contingent measures which were available following years of exceptional need; and the third pillar would follow the principle of self-sustainability, which would include future modifications to low-income countries' facilities. Looking ahead, the speaker mentioned that the baseline lending capacity for PRGT was projected to be 1.25 billion SDRs with windfall gold profits; however, without windfall gold profits, it would only reach 0.9 billion SDRs. The speaker focused on measures that could help to improve IMF facilities. He highlighted that the new facilities were generally found to be working well and, consequently, only refinements were necessary. Those refinements included providing subsidies to the poorest and most vulnerable low-income countries and greater lending flexibility. Finally, it was crucial to sharpen policy support. The strategic priority was to achieve higher sustainable growth. That would call for scaling-up investment, managing natural resources, creating broad-based inclusive growth and recognizing fragile and small States' needs.

41. During the interactive discussion, participants underscored that there was a need for an integrated approach to financing for sustainable development. It was emphasized that financing for sustainable development should build on the Monterrey Consensus and the Doha Declaration on Financing for Development as major reference points for development cooperation. The work of the intergovernmental committee on financing a sustainable development strategy would provide an important contribution to formulate a coherent mechanism.

42. In that context, it was emphasized that the commitments on financing for development, especially those on ODA, should be met. Least developed countries, in particular, suffer from recent declines in ODA. Public resources would have to come from a variety of international, regional and national sources. However, given the size of the financing needs for sustainable development, it was clear that official sources of financing would not be sufficient.

43. Many speakers stressed that the bulk of funds would likely have to come from the private sector. In that context it was emphasized that the challenge would lie in redirecting global assets towards sustainable development. Resources were not being effectively allocated by the private sector for long-term investment in sustainable development owing to a number of institutional, financial, regulatory, and technical barriers.

44. There was some discussion as to whether debates on financing of sustainable development should include global commons. Some delegations were of the view that that was a sovereign issue and should not distract from commitments related to financing for development, while others emphasized the need to address all climate change through international cooperation.

45. Several speakers in both that and the earlier sessions voiced their support for more debate on an international debt restructuring mechanism.

46. It was also emphasized that the implementation of financing strategies needed to leave policy space for nationally owned development strategies for accountable and transparent policies.

47. There was a convergence of views that complementarities across different sources of finance should be strengthened, as each type of financing had unique investment objectives, fiduciary responsibilities and associated incentives. Those differences needed to be better understood in order to design policies that could effectively leverage private financing and align private sector incentives with public goals.

## **VII. Thematic debate of the whole on theme 3: "Global partnership for development in the context of the post-2015 development agenda"**

48. The second thematic debate featured presentations by Mr. Jos Verbeek, Lead Economist, World Bank; Mr. Richard Kozul-Wright, Officer-in-Charge, Division on Globalization and Development Strategies, UNCTAD; and Mr. Shishir Priyadarshi, Director, Development Division, WTO, followed by an interactive discussion.

49. Mr. Verbeek presented the *Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals* (The World Bank Group, 2013).

He illustrated that countries with higher levels of urbanization had been more successful in lowering poverty. For example, in Brazil, 84 per cent of the population was urban, while 15 per cent was rural and the poverty rate was 6 per cent in 2009. In Uganda, during the same year, the reverse held true — 84 per cent of the population was rural, and 15 per cent was urban, while the poverty rate was a higher 38 per cent. In general, according to the speaker, absolute poverty rates were lower in urban centres than in rural areas. In 2010, 76 per cent of the world's poor lived in rural areas and, according to 2008 figures, 11.6 per cent of the total urban population was poor in comparison with 29.4 per cent of the total rural population. Mr. Verbeek pointed out that disparities were also large between rural and urban areas for other Millennium Development Goals. For example, with respect to sanitation, 80 per cent of urban residents versus 50 per cent of rural residents had access to a toilet in 2010.

50. Overall, according to the panellist, poverty was located along a spectrum from rural to urban, with many types of settlements from small to large towns. That was a more realistic representation than the simplified division into rural and urban areas. In general, according to the speaker, the smaller the town the higher the incidence of poverty and the less stellar the access to Millennium Development Goal-related services. While urbanization could help to pull people out of poverty and advance progress towards the Millennium Development Goals, it needed to be managed well since it could also lead to problems such as the burgeoning growth of slums. Mr. Verbeek advocated an integrated strategy to better manage the planning-connecting-financing nexus of urbanization. He also referred to a rural-urban dynamic whereby a combination of well-managed urbanization and rural development could serve to reduce poverty and accelerate progress towards the Millennium Development Goals.

51. Mr. Kozul-Wright stated that, while the Millennium Development Goals did an outstanding job in reinvigorating the donor community and galvanizing aid flows, success in meeting the goals could not be attained by aid flows alone. He pointed out that growth must be a central component of any meaningful development agenda. However, it was important to ensure that growth was inclusive and sustainable. Looking ahead, he pointed out that while the Millennium Development Goals were devised and evolved in an environment driven by finance-led globalization, the post-2015 development agenda was being framed in a very different global environment and needed to break away from the "business as usual" policies that had led to the increasingly fragile growth path of the past decade. He also argued that the existing Millennium Development Goal framework did not provide an understanding of the systemic risks and dangers that could constrain, damage or derail development prospects in the coming years. The speaker stressed the need to take a hard look at some of the basic concepts that frame our thinking about the challenges ahead. He expressed concern at the fact that industrial development had not figured in Millennium Development Goal discussions. Similarly, he mentioned that sustainability must have an economic dimension and that distributional issues were also key to sustaining virtuous economic cycles. There was also a need to talk seriously about employment policies, industrial policies and fiscal policies as part of an integrated framework.

52. Mr. Kozul-Wright also stated that the international community needed to discuss Goal 8 and how to better integrate it with an inclusive and sustainable development agenda. According to him, a fundamental rethink on global

partnerships for development was warranted. He pointed to the need for a global new deal that would benefit developed as well as developing countries. The key was to tame the financial system so that it turned into the servant rather than the master of the real economy and got back to the business of providing security for savings and mobilizing resources for productive investment. Regional cooperation would also have a much larger role to play in a more balanced international architecture. The panellist also underscored that new partnerships had emerged around the idea of South-South cooperation. However, they would face challenges over the next decade as developing countries faced their own development challenges as well as the need to mobilize huge amounts of resources for infrastructure. In that context, Mr. Kozul-Wright pointed out that the recently announced BRICS Bank was a huge step forward in South-South cooperation but should not be seen as a substitute for more effective multilateral mechanisms.

53. Mr. Priyadarshi made the case that economic growth had been a major factor in human development and that engaging in trade in a diversified basket of products was central to maintaining both growth and employment over the long run. He emphasized the importance of economic growth in the post-2015 agenda, both substantively, given its interrelationship with social objectives, and politically, given aspirations for income growth. He cited research by the Michael Spence Commission on Growth and Development, which had found that, since 1950, virtually all cases of rapid large-scale human development had been marked by a high average rate of economic growth. The Spence Commission also found that all countries transformed by sustained high growth had used the open world economy to drive their development. Moreover, Mr. Priyadarshi stated, the latest *Human Development Report* (2013) also showed a positive correlation between an open global trade regime and achieving higher human development.

54. According to Mr. Priyadarshi, the post-2015 development agenda must include economic growth as a central pillar of its strategy while at the same time ensuring that economic growth and development were made sustained and sustainable. It needed to reflect the fact that virtually all cases of large-scale human development had been marked by a high average rate of economic growth, and that the open global economy, entrenched in the multilateral trading system, had played a multifaceted role as a driver of growth in all of them. A new development framework must therefore help other countries to emulate that success, and growth, trade, diversification and value added must figure prominently within the post-2015 development agenda. In terms of practical measures, Mr. Priyadarshi emphasized the need to enhance both the demand and supply-side environments to allow countries to grow quicker by tapping into the global economy. He mentioned that the WTO Ministerial Conference in Bali in December 2013 would present an opportunity to harvest deals on trade-related issues that would facilitate trade. In addition, the Fourth Global Review of Aid for Trade would provide an opportunity to review progress on Aid for Trade and give a fresh mandate and vigour to the initiative. Overall, the speaker stressed the importance of there being a strong focus on economic aspects of development in the contours of the post-2015 development and poverty alleviation agenda.

55. In the discussion that followed, a participant argued that growth on its own was not sufficient in all cases for improving the well-being of poor people. The growth experienced in many countries had proven to be unsustainable and needed to be accompanied by socially inclusive policies, improved access to finance and other

measures to reduce inequality. In Brazil, for instance, the sharing of prosperity and socioeconomic inclusion were equally important in addressing poverty. In that context, the point was also made that measures geared towards increasing people's ownership of the process of development would also lead to greater awareness of environmental sustainability.

56. Some delegations emphasized the importance of ensuring the active participation of all relevant stakeholders, including non-State stakeholders such as civil society and the private sector, in the global partnership for development.

57. Participants stressed the need to broaden and strengthen the voice and participation of developing countries in multilateral frameworks and norm-setting, which was deemed a priority on the global policy agenda. Mention was also made of the need to strengthen the voice and participation of African countries in the Bretton Woods institutions.

58. The important role of aid on leveraging other forms of finance was underscored. In particular, reference was made to improve the quantity and quality of ODA in a manner that served to mobilize private finance. In that regard, mention was also made of the need to rethink public-private partnerships, including those relating to infrastructure projects. Speakers also asserted the need to support both South-South and North-South cooperation, and that South-South cooperation should not preclude North-South cooperation.

59. There was discussion pertaining to the Millennium Development Goals. A participant stated that Goal 8 (Develop a global partnership for development) missed out important issues such as economic growth and global governance. It was also argued that Goal 3 (Promote gender equality and empower women) needed to be prioritized alongside the other goals. Mention was also made of the need to accelerate progress towards the Millennium Development Goals, especially in rural and lagging areas and conflict-affected States.

60. The importance of having a credible accountability and monitoring mechanism within the framework of the post-2015 development agenda was also emphasized. It was highlighted that the Economic and Social Council should be seen as a mechanism for reviewing progress pertaining to the post-2015 development agenda. Mention was also made regarding the need for greater transparency of financial flows.